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# CAFTA's Benefits

The Central American Free Trade Agreement (CAFTA) would generate undeniable benefits for large U.S. constituencies. Consumers would pay lower prices for a wide range of products. The goods and services of U.S. businesses would enter the Central American market on a much more competitive basis than they currently do. And the vast majority of U.S. agricultural interests would be able to further exploit their comparative advantages as tariffs and other import restrictions are lowered by our trading partners.

If Congress fails to approve CAFTA, however, the price paid by the United States would be far higher than the pact's foregone benefits. CAFTA's failure would jeopardize the much larger global trade negotiations in the so-called "Doha round," which is being conducted within the World Trade Organization and is already under strain. Among other areas, Doha would significantly liberalize trade in agriculture and services; both developments would immensely benefit the United States. Doha would also vastly increase the protection of intellectual property and the transparency of government procurement, providing huge benefits to U.S. businesses and their workers.

All of these benefits are literally at stake because one of America's most coddled industries -- sugar growers and refiners -- is waging a massive battle to defeat CAFTA. "Big Sugar" already costs Americans dearly. The web of policies that subsidize Big Sugar includes a price-supporting loan program for sugar processors; import quotas that currently restrict foreign sugar to about 15 percent of the market; and Soviet-style marketing arrangements designed to keep the price of sugar here much higher than it otherwise would be.

U.S. consumers already pay more than twice the world price for sugar. Other U.S. industries, such as candy producers, that use sugar as a major input have been forced to relocate some of their factories (and jobs) overseas, where sugar prices are much lower.

Big Sugar's interests were already considered, and addressed, in the CAFTA negotiations with El Salvador, Honduras, Nicaragua, Guatemala, Costa Rica and the Dominican Republic. Initially, these countries will be able to increase their share of the U.S. sugar market by a mere 1.2 percent of U.S. consumption. Within 15 years, their increased share would be limited to 1.7 percent. The Department of Agriculture and the Office of the U.S. Trade Representative estimate that this relatively tiny increase would amount to a single spoonful per week for each person in the United Stales, who consumes on average 70 spoonfuls weekly.

It is noteworthy that the growers of an agricultural product that accounts for less than 1 percent of U.S.-harvested cropland can exert such disproportionate influence on farm-related trade negotiations. That is especially so, given that CAFTA generates such substantial benefits to other U.S. farmers and ranchers that the American Farm Bureau

Federation enthusiastically embraces it. It is equally disheartening that Republican senators -- such as Norm Coleman of Minnesota, Craig Thomas of Wyoming, Saxby Chambliss of Georgia, Olympia Snowe of Maine, and Larry Craig and Mike Crapo of Idaho, who ought to know better -- have either expressed opposition to CAFTA or cannot declare themselves in its favor.

Of course, every lawful interest has the right to press for or against legislation that affects its industry. But Big Sugar may be overplaying its hand. If they succeed at torpedoing CAFTA, the overwhelming majority of other agriculture interests that support CAFTA would be justified in making good on their threat to punish the sugar industry by pressing for a reduction of its outrageous subsidies next year, when the next five-year farm bill is written.